

SBA

SOP 39 20 2

Senior Executive Service Program

U.S. Small Business Administration


**SMALL BUSINESS ADMINISTRATION
STANDARD OPERATING PROCEDURE**

National

SUBJECT: SES Program	S.O.P.		REV
	SECTION 39	NO. 20	2

INTRODUCTION

1. Purpose. To incorporate regulatory changes, which require appraising senior executive performance using measures that balance organizational results with stakeholder, customer, and employee perspectives.
2. Personnel Concerned. SES members.
3. Directives Canceled. SOP 39 20 1 - Effective 7/98
4. Originator. Office of Human Resources.

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		PAGE 1

SBA Form 989 (5-90) Ref: SOP 00 23

Federal Recycling Program  Printed on Recycled Paper

This form was electronically produced by Elite Federal Forms, Inc.

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Chapter 1

General Provisions

1. What is the Purpose of this SOP?

This SOP sets the Small Business Administration's (SBA) policy for the Senior Executive Service (SES) in the areas of employment, performance management, awards, pay, and reduction in force.

2. Who is Covered by this SOP?

This SOP applies to all SBA SES members and applicants for career SES positions.

3. Who is the Appointing Authority?

The Administrator serves as the appointing authority for all positions except for those in the Office of Inspector General (OIG). The Inspector General (IG) serves as the appointing authority for positions in the OIG.

4. What are the Responsibilities of the Appointing Authority?

a. The appointing authority is responsible for:

- (1) Appointing Performance Review Board (PRB) members;
- (2) Selecting senior executives; and
- (3) Approving SES pay level changes, performance ratings, and awards

b. Specific authority applying to the Administrator and IG are spelled out in the following chapters.

5. What is the Executive Resources Board (ERB)?

The Executive Resources Board (ERB) is a group of line managers, both career and noncareer, that conducts the merit staffing process for career entry into the SES (5 U.S.C. 3393(b)) and otherwise advises the Administrator on matters involving its career senior management. The Administrator appoints its members. Most ERB members are themselves SES, but the Administrator can designate non-SES members as well, to ensure a mix of field and Headquarters representatives, and representation of minorities,

women, and people with disabilities. Additional responsibilities are outlined in chapter 2 of this SOP.

6. What are the Responsibilities of the SES Performance Review Board (PRB)?

The PRB must review and evaluate the initial summary rating, the senior executive's response, and the higher level reviewing official's comments, if requested by the executive, on the initial summary rating, and conduct any further review needed to make its recommendations to the appointing authority. More specific responsibilities are outlined in Chapter 4, "Performance Management System."

7. What are the Responsibilities of the Supervisor?

Supervisors of senior executives:

- a. Establish performance goals and requirements, and communicate expectations to the executive;
- b. Initiate and conduct at least one progress review to discuss performance and make adjustments based upon changing conditions;
- c. Evaluate the executive's performance at the end of the rating period and meet with him or her to discuss performance evaluation and developmental needs; and
- d. Recommend the executive for pay adjustments.

8. Who is Authorized to Update Appendices to this SOP?

The Assistant Administrator for Human Resources is authorized to update appendices to this SOP.

Chapter 2

Executive Resources Board (ERB)

1. Who Appoints ERB Members?

The Administrator appoints the members of the ERB including the Chair. Historically, the Chair has been a noncareer executive. Generally, the membership is a balance of career and noncareer senior executives. There are two non-voting members: the Assistant Administrator for Human Resource who serves as Executive Director, and the Assistant Administrator of Equal Employment Opportunity and Civil Rights Compliance who serves as the Equal Opportunity Advisor.

2. How Long Do Members Serve on the ERB?

Generally, ERB members serve a 2-year term. The appointments and terminations of ERB members will be staggered to ensure continuity of operations.

3. What is the Role of the ERB?

- a. The ERB serves as an advisor to the Administrator on matters involving its career senior management. In this regard, the ERB meets, as necessary, to consider and act upon SES personnel actions and other matters. Four members of the ERB, including the Chair, constitute the quorum necessary to act on all personnel management matters involving executive personnel, with the exception of merit staffing panels (see chapter 3).
- b. The Executive Director advises the ERB on matters of practice and procedure relative to the SES, consults with the Office of Personnel Management (OPM) as necessary, and follows up on actions in accordance with ERB decisions.

4. What is the Role of the Chair of the ERB?

The Chair of the ERB:

- a. Oversees the duties and responsibilities of the ERB;
- b. Serves as principal advisor to the Administrator on the needs of executive resources personnel;
- c. Makes recommendations to the Administrator on members for the PRBs; and

- d. Identifies basic issues and options for ERB consideration in the areas of:
 - (1) Succession planning;
 - (2) Executive pay setting; and
 - (3) Legislative changes as they impact on career senior management or other issues under the purview of the ERB.

5. What are the Specific Responsibilities of the ERB?

The ERB:

- a. Recommends and monitors implementation of policy for SES position planning such as pay guidelines, outreach, staffing, and utilization; and, except for Office of Inspector General employees, it also makes recommendations on executive development, pay administration, and on nominations for Presidential Rank awards;
- b. Conducts the SES merit staffing process for career SES positions;
- c. Serves in an advisory capacity on personnel management matters involving executive personnel;
- d. Evaluates the SES program periodically and makes recommendations for improved effectiveness; and
- e. Plans and manages the SES Candidate Development Program and other succession planning programs. In managing these programs, the Chair of the ERB will establish appropriate procedures to help ensure that the objectives of the program are met. This includes procedures for:
 - (1) Establishing panels;
 - (2) Making recommendations to the Administrator; and
 - (3) Monitoring progress toward goal attainment.

Chapter 3

SES Employment

1. Are Merit Principles Used to Fill SES Positions?

Merit principles apply to all career SES positions, but not to noncareer SES appointments.

2. How are Qualification Standards Established for SES Positions?

The personnelist, in conjunction with the supervisor, develops a qualifications standard identifying the mandatory executive core qualifications and/or desirable technical qualifications factors. The Chair of the ERB reviews the standard before approval by the Administrator or the IG.

3. What Sources are Used to Recruit for Vacant SES Positions?

Recruitment includes all groups of qualified individuals within the civil service in the executive, judicial, and legislative branches of the Federal service, and may also include qualified individuals from outside the Federal service. A positive effort will be made to ensure a fair representation for qualified minority and female candidates.

4. Who Determines How to Fill an SES Vacancy?

After determining that an SES vacancy will be announced, the Chair of the ERB specifies the method of recruitment.

5. How are Vacancies Announced?

- a. A "Senior Executive Service Opportunity" announcement, SBA Form 2014 (appendix 2) advertising an SES career opportunity, will be included in the OPM SES vacancy announcement system for at least 14 calendar days, including the date of publication.
- b. The personnelist coordinates the opening of vacancy announcements with OPM to ensure information on SBA SES opportunities is available to the general public.

6. How Do You Apply for SES Career Vacancies?

Candidates submit an application and narrative statement to the Office of Human Resources (OHR) or OIG, as appropriate, addressing each qualification factor. Applications must be postmarked by the closing date, however; the narrative statement may be submitted after the closing date provided it is received before the ranking panel meets. Applications may be considered from noncompetitive eligibles up to the point of selection.

7. What is the Rating Process?

- a. The supervisor, in conjunction with the ranking panel, prepares SES ranking guidelines describing criteria to sufficiently set apart eligible candidates.
- b. The personnelist initially screens applicants for qualifications and eligibility. Applications that are incomplete or don't provide sufficient information concerning scope or level, or which fail to meet the mandatory qualifications, are not considered. The chair of the ranking panel will review the applications of screened out candidates with the servicing personnelist.

8. What is the Ranking Process?

- a. The Chair of the ERB may delegate the rating and ranking of all qualified candidates to a panel of at least three SES members. The majority of the members must be career senior executives.
- b. The panel will group eligible candidates in broad categories; such as highly qualified, well qualified, and qualified. Numerical rating and rankings are not required. Additionally, the panel chair will review the applications of screened out candidates with the servicing personnelist.

9. In What Order are Candidates Referred for Interview and Selection?

The IG determines what procedures will be used in the selection of OIG candidates. For positions outside the OIG, the Executive Director, ERB, provides the Chair of the ERB with an alphabetical list of candidates within each category, i.e., highly qualified, well qualified, qualified, and not qualified. Once the ERB panel completes its final interviews, the Chair of the ERB presents these lists to the Administrator along with recommendations for the top ranked candidates.

10. Who Conducts the Interviews for SES Positions?

For positions in the OIG, the IG conducts the interviews. For all other positions, the Chair of the ERB selects an interview panel from members of the ERB, and, when appropriate, other SES members, the Associate Administrator for Field Operations, and regional administrators. Where there are large groups of candidates, the Chair of the ERB selects a panel consisting of three executives, the majority of whom must be career executives, and the supervisor of the position, to conduct initial interviews to determine which candidates should be referred to the ERB for final interviewing.

11. Does the ERB Interview All Candidates Referred to it by the Office of Human Resources?

Not necessarily. The ERB may interview any or all of the candidates referred or may even make a recommendation based solely on review of the applications.

12. Who Makes the Final Selection for SES Positions Under Merit Staffing Procedures?

The appointing authority makes the selection and certifies that the candidate meets the qualifications standards of the position and that appropriate merit staffing procedures have been followed. The executive resources manager, or the OIG personnel officer for OIG positions, forwards the selection to OPM for approval by the Qualifications Review Board (QRB).

***13. Is There a Probationary Period?**

Yes. When entering an SES position on an initial career SES appointment, you must satisfactorily complete a 1-year probationary period before your appointment becomes final. The probationary period begins on the effective date of the personnel action that appoints you to the SES as a career appointee, and it ends 1- calendar year later.

14. What Happens if I Fail to Satisfactorily Complete My Probationary Period Due to Unsatisfactory Performance or Conduct?

SBA will notify you in writing before the effective date of your removal from the senior executive service. The notice shall inform you of SBA's conclusions as to the inadequacies of your performance; whether you have placement rights under 5 CFR 359.701 and, if so, identify the position to which you will be assigned; and show the effective date of the action. A removal under 5 CFR 359.402, 359.403 or 359.404 is not appealable to the Merit Systems Protection Board under 5 U.S.C. 7701. *

Chapter 4

Performance Management System

1. What is the Purpose of the SES Performance Management System?

The SES performance management system is a framework of policies and practices for:

- a. Communicating and clarifying organizational goals, objectives, and expectations;
- b. Identifying individual accountability for the accomplishment of Agency goals and objectives;
- c. Evaluating executives performance using measures that balance organizational results with customers and employees perspectives; and
- d. Using the results of performance appraisals as a basis for, training, rewarding, reassigning, retaining, removing, and adjusting base pay of senior executives.

2. How are Organizational Goals and Objectives Set?

- a. The Administrator or IG, as appropriate, sets the goals and priorities to direct the energies of senior executives by establishing a framework for specifying measurement criteria for SES objectives.
- b. Rating officials must link senior executive performance objectives to at least one, if applicable, of the Agency's program goals and supporting objectives contained and summarized in the Government Performance Results Act performance plan and/or the SBA 5-Year Strategic Plan. (See paragraph 4-18 for employees on detail).
- c. A senior executive may delegate specific assignments for accomplishment of part or all of a program implementation objective to one or more subordinates. However, the senior executive remains responsible for the accomplishment of priority goals for his or her functional area.

3. What is the Performance Appraisal Period?

The appraisal process covers performance during the period October 1, through September 30, annually, and has three principal phases:

- a. Establishing performance requirements;

- b. Monitoring progress and adjusting performance requirements when necessary; and
- c. Determining the annual summary rating.

4. What is the Minimum Appraisal Period?

An executive must have served under an approved senior executive performance plan for at least 90 days before he/she is eligible to receive a rating.

5. What is the Process for Establishing Senior Executive Performance Plans?

- a. Supervisors (rating officials) must develop senior executive performance plans in consultation with subordinate executives, and must communicate the plans to the executives at the beginning of the appraisal period. Written performance plans will normally be provided to employees within 30 days of the beginning of the appraisal period or within 30 days of an appointment, reassignment, or other action that requires development of a new plan.
- b. All senior executives have three standard critical objectives. When applicable, an optional special initiative critical objective may be assigned to an SES executive. The standard critical objectives are as follows:
 - (1) Program Implementation. This objective incorporates the requirements of GPRA goals/Strategic/Business Plan.
 - (2) Organizational Representation.
 - (3) Resource Effectiveness.
- c. Each standard critical objective is defined by standardized performance requirements. (See Appendix 3, "SBA Form 1303, U. S. Small Business Administration Senior Executive Service Performance Agreement.")
- d. After the executive and the supervisor approve the objectives, the executive's supervisor retains the original and forwards a copy to the Executive Resources Director in the Office of Human Resources.
- e. Each senior executive should communicate his or her objectives to subordinate organizational levels to enhance understanding of organizational goals and to assist in developing managerial and non-managerial performance requirements of subordinates.

6. Are There Any Requirements for Progress Reviews?

- a. Communication about program objectives and an executive's progress toward achieving performance goals in the attainment of those objectives should be an on-going process between supervisors and subordinate executives. At a minimum, one progress review is required.
- b. Although the supervisor does not have to document the progress review in writing if performance is expected to be "On Target" or higher, the signature of the executive and supervisor in Part A of SBA Form 1303, will indicate that a discussion has taken place.
- c. If the executive's performance is "Minimally Satisfactory" or "Unsatisfactory," the supervisor must provide the executive with a memorandum that identifies the specific performance deficiencies and the corrective actions that are required to raise performance to the "Fully Successful" level.

7. How are Senior Executive Performance Plans Modified?

Rating officials may modify senior executive performance plans whenever a change in assigned individual and/or organizational responsibilities and goals is so significant that the established performance objectives are no longer adequate. Modifications will be documented on SBA Form 1303 and communicated to the employee.

8. What is the Performance Appraisal Process?

- a. The executive prepares a statement of performance accomplishments and forwards it to the rating official.
- b. The rating official (normally the supervisor of the executive being rated) makes the rating determination of individual objectives, arrives at an initial summary rating, and completes a justification, as required, that accurately reflects performance during the performance period. The rating official will use the executive's statement of accomplishments as a starting point and take into consideration:
 - (1) The cumulative performance of the executive throughout the appraisal period, including any periods of time spent detailed to other duties or another position; and
 - (2) Factors outside the executive's control impacting the results achieved. This would include significant work assignments not originally covered by the performance plan.

- c. The performance evaluation process is completed by evaluating the performance requirements leading to a rating for each critical objective and concluding with an initial summary rating. Using the established requirements for "Fully Successful" (On Target) performance, the rating official shall:
 - (1) Evaluate the executive's accomplishments and determine the most appropriate rating level for each critical objective. The rating levels are as follows:
 - (a) Ahead of Target (AT): performance exceeds the written standard for Fully Successful Performance.
 - (b) On Target (OT): Performance meets the written standard for Fully Successful performance.
 - (c) Behind Target (BT): Performance fails to meet the written standard for Fully Successful performance.
 - (2) Record the summary rating levels for each objective in Part C of SBA Form 1303.
 - (3) Determine the appropriate initial summary rating level by referring to the rating level definitions (paragraph 4-9). The numerical performance rating is entered in Part D of SBA Form 1303.
 - (4) Except for a rating of fully successful prepare a narrative justification to support the initial summary rating assigned. This justification shall be documented in Part G on the reverse of SBA Form 1303, and shall provide specific information supporting the executive's initial summary rating, including such factors as quantity, quality, and timeliness of performance.
 - (5) Discuss the rating with the executive and obtain his or her acknowledgment in Part E on the SBA Form 1303 that a discussion of the rating was held.
- d. The senior executive may request a review by a higher level official.
- e. The reviewing official (normally the rating official's supervisor) may recommend a rating to the Performance Review Board (PRB), but cannot change the supervisor's initial summary rating. He or she shall enter the rating in Part E of SBA Form 1303 and give a copy of his or her findings and recommendations to the senior executive, supervisor, and the PRB. Where the reviewing official is the Administrator or the IG, he or she may serve as the reviewing official or designate an appropriate official at a higher executive level than the rating official to serve in that capacity.

- f. The senior executive may respond in writing to an initial summary rating prior to review by the PRB (see paragraph 4-12).
- g. The PRB will consider the senior executive's comments on the initial summary rating as well as the comments of the rating and reviewing officials.
- h. The Administrator will assign an annual summary rating after considering PRB recommendations.

9. What are the Summary Rating Levels?

- a. Level 5 - Exceptionally Successful. An executive who receives this rating will have made an outstanding contribution to the accomplishment of the Agency's mission with specific reference to achievement of GPRA goals/Agency's Strategic/Business Plan. (IG executives are rated according to their accomplishment toward achievement of the IG's Strategic Plan.) In order to be rated at this level, the executive must receive an "AT" rating on the majority of critical objectives including the "Program Implementation" and "Resources Effectiveness" objective. No critical element may be rated below "OT." (WRITTEN JUSTIFICATION REQUIRED)
- b. Level 4 - Highly Successful. An executive who receives this rating will have contributed greatly to the Agency's mission. In order to be rated at this level, the executive must receive an "AT" rating on a majority of critical objectives including the "Program Implementation" objective. No critical objective may be rated below "OT." (WRITTEN JUSTIFICATION REQUIRED)
- c. Level 3 - Fully Successful. An executive who receives this rating must receive an "OT" rating on the majority of critical objectives.
- d. Level 2 - Minimally Satisfactory. An executive who receives this rating has received a "BT" rating on one critical objective and is, in effect, on probation. By law, should an executive receive this rating twice in a consecutive 3-year period, he or she must be removed from the SES. (WRITTEN JUSTIFICATION REQUIRED)
- e. Level 1 - Unsatisfactory. An executive rated "BT" on one or more critical objectives will receive this rating when the level of performance is totally unacceptable for continued employment in the incumbent's position. By law, an executive who receives this rating must be reassigned or transferred within SES, or removed from the SES. Should an executive receive this rating level twice in a 5-year period, he or she must be removed from the SES. (WRITTEN JUSTIFICATION REQUIRED)

10. Who Serves on the Performance Review Board (PRB)?

The Administrator appoints the primary and alternate PRBs after reviewing a list of recommendations from the Chair, ERB. Generally, there will not be more than one member from any one office. The primary Board will consist of at least five members, and will review appraisals of all senior executives, with the exception of their own and members of the OIG. The alternate and IG Boards will consist of at least three members each.

- a. A majority of the Board members on all three PRBs performing the review of any individual career appointee's appraisal will be career appointees.
- b. In addition, the Assistant Administrator of Equal Employment Opportunity and Civil Rights Compliance, and the Assistant Administrator for Human Resources will serve as advisers on the primary PRB.
- c. Senior executives from outside the Agency may be appointed to the primary and alternate PRBs.
- d. A separate PRB will be appointed by the IG to review appraisals of SES members in the IG's office. These members will normally include senior executives from IG offices in other agencies and a career senior executive from the primary PRB.
- e. The alternate PRB reviews the appraisals of executives who serve on the primary PRB. The OHR will publish the names of all Agency PRB members in the Federal Register, as required by 5 CFR 430.307.

11. What are the Specific Responsibilities of the PRB?

- a. Establishing procedures and operating instructions.
- b. Monitoring accomplishment of SES appraisal activities.
- c. Reporting to the Administrator or the IG on problems with the system and recommending improvements.
- d. Ensuring that all legal and other requirements concerning performance appraisals and performance awards are met.
- e. Reviewing performance plans and appraisals for equity and consistency, as well as general adherence to the Administrator's or IG's guidance.

- f. Recommending to the Administrator or IG performance ratings for senior executives.
- g. Except for the OIG, ranking senior executives according to performance and recommending bonuses.
- h. Recommending to the Administrator or IG nominations for Distinguished and Meritorious Presidential Rank Awards.

12. What are the Procedures of the PRB?

- a. Each member of the PRB will review:
 - (1) All appraisal packages, including any additional written comments provided by the individual executives being rated and any higher level review;
 - (2) The management guidance on annual program goals; and
 - (3) Other relevant documentation.
- b. Recommendations for ratings shall be made by majority vote of the members voting.
- c. The PRB may:
 - (1) Ask the supervisor of the executive being rated or the executive to appear before it to provide additional information pertaining to the executive's performance, and conduct whatever additional review it finds necessary;
 - (2) Rank career appointees with ratings of exceptionally, highly, and fully successful overall performance;
 - (3) Review SES development plans and make recommendations to the ERB pertaining to the continuing development of executives;
 - (4) Make recommendations pertaining to the increase or decrease of SES pay levels based on the performance review; and
 - (5) Make recommendations on performance and rank awards.
- d. The PRB must:
 - (1) Justify any recommendation that a rating be changed to a lower or higher rating;
 - (2) Make a written recommendation to the Administrator or the IG on each senior

executives rating of record; and

- (3) Ensure that significant weight has been accorded to executive's performance of the "Program Implementation" objective as it relates to the GPRA Goals/Agency Strategic/Business Plan.

13. How are Annual Summary Rating Determinations Made?

Upon considering PRB recommendations, the Administrator or IG will make final determinations regarding performance ratings and bonuses, ensuring that only executives whose performance exceeds normal expectations are rated above Fully Successful. A copy of the annual summary rating will be given to the executive after it is finalized. A performance rating received by an executive in the SES may not be appealed or grieved.

14. What is the Effect of the Annual Rating Determination?

The performance rating categories affect the status of senior executives as follows:

- a. A career appointee receiving a "Fully Successful," "Highly Successful," or "Exceptionally Successful" rating is eligible for a bonus. A rating of less than "Fully Successful" does not qualify the career executive for a bonus.
- b. A senior executive who is retained in the SES will receive assistance in improving performance rated at a level below the "Fully Successful" level. Such assistance may include, but is not limited to, formal training, on-the-job training, counseling, and close supervision.
- c. Any senior executive who receives less than "Fully Successful" twice in any consecutive 3-year period must be removed from the SES.
- d. Any senior executive receiving an "Unsatisfactory" rating must be reassigned, transferred within the senior executive service, or removed from the SES.
- e. Any senior executive who receives two "Unsatisfactory" ratings in any consecutive 5-year period must be removed from the SES.
- f. A career appointee who has completed the probationary period, or was not required to serve one in the SES, and is removed from the SES for performance reasons, is entitled to placement in a GS-15 level, or an equivalent position in accordance with provisions of 5 CFR 359.702. The basic rate of pay will be set in accordance with 5 U.S.C. 3594. An executive removed from SES for less than "Fully Successful" performance may be

eligible for Discontinued Service Retirement or severance pay if he or she declines to accept a placement offer.

- g. When a career executive is removed from the SES for reasons of performance, he or she shall receive 30 days advance written notice. Further guidance on this procedure is in 5 CFR 359.501-503 and 359.701-705.

15. Does SBA Prescribe a Distribution of Rating Levels?

No. SBA officials may not prescribe a distribution of rating levels for employees covered by this plan. However, the Administrator or IG may review standards and ratings for difficulty and strictness of application, to ensure that only those employees whose performance exceeds normal expectations are rated at levels above “Fully Successful.”

16. When an Executive is Entering the SES for the First Time and Hasn't Served Under a Senior Executive Performance Plan for at least 90 days as of the End of the Appraisal Period, Does He or She Receive an Annual Summary Rating?

No. If at the end of the appraisal period an executive has not been serving under a performance plan for at least 90 days, the appraisal period for that executive will be extended until he/she has had an opportunity to serve under the plan for at least 90 days. If at the completion of the extended appraisal period the supervisor determines that there is adequate basis upon which to rate the executive, the executive may then receive a performance appraisal.

17. What Happens When an Executive Changes Positions?

When an executive changes position by reassignment or by transfer to another organization or agency and has served under a senior executive performance plan in the previous position for at least 90 days, a written initial summary rating must be prepared by the supervisor. The gaining organization or agency must consider the initial summary rating in deriving the executive's next rating of record.

18. How is an Executive Rated When on Detail or Temporarily Reassigned?

- a. When a senior executive is detailed within the SBA for 90 days or more, critical objectives must be established for the assignment. Performance against those performance requirements must be considered in deriving the next rating of record.
- b. When a senior executive is detailed outside of the SBA, the rating official must make a reasonable effort to obtain appraisal information from the outside organization if the executive has been detailed for a period of 90-days or longer. The rating official shall take into consideration appraisal information obtained from the outside organization.

- c. If a senior executive has not served under a performance plan for the established minimum appraisal period, but has served for the minimum appraisal period outside the SBA, the SBA rating official must make a reasonable effort to prepare a rating using appraisal information obtained from the outside organization.

19. What Happens When an Executive Transfers to Another Agency?

When an executive leaves SBA, all appropriate performance-related documents 5 years old or less, including the current senior executive performance plan and an initial rating, shall be forwarded in the Employee Performance File along with the executive's Official Personnel File (OPF) to the executive's new agency.

20. What is the Retention Period for Performance Records?

- a. Performance records for SES appointees are retained for five consecutive years.
- b. When a senior executive transfers to another agency, all appropriate performance-related documents 5 years old or less shall be forwarded in the Employee Performance File along with the employee's OPF.
- c. When an employee in the SES accepts a Presidential appointment, the employee's performance file shall be retained as long as the employee remains employed under that Presidential appointment. If the individual does not return to the SES when the appointment ends, the employee's Employee Performance File shall be destroyed in accordance with SBA procedures.
- d. Where any performance-related document is needed in connection with ongoing administrative, quasi-judicial, or judicial proceeding, it may be retained for as long as necessary beyond the established retention schedule.

21. How are Performance Awards Granted?

- a. The Administrator determines Performance Awards/bonuses for career SES members after consideration of recommendations from the PRB's. This authority has been delegated to the IG for OIG executives.
- b. Under 5 U.S.C. 5307, the total of an executive's basic pay, including locality pay, allowances (such as retention allowances), differential bonuses (such as recruitment and relocation bonuses), and awards (such as SES bonuses and rank awards), may not in the aggregate exceed Executive Level I rate of pay. Amounts in excess of the limitations shall be paid in a lump sum at the beginning of the following calendar year. The amount so paid is considered part of the employee's aggregate compensation for the new calendar year.

22. What is a Presidential Rank Award?

The Presidential Rank Awards highlight and reward long-time exceptional performance by career senior executive service members. These awards are prestigious and unique and are designated by the President. There are two categories of rank awards:

- a. **Meritorious Executive** - for sustained accomplishment. This award includes a lump sum payment of 20 percent of base pay, excluding locality, from the recipient's employing agency; and
- b. **Distinguished Executive** - for sustained extraordinary accomplishment. This award includes a lump sum payment of 35 percent of base pay, excluding locality, from the recipient's employing agency.

23. Who is Eligible for a Presidential Rank Award?

An executive is eligible for a Presidential Rank Award if:

- a. He/she holds a career appointment in the SES;
- b. Has at least 3 years of career or career-type Federal civilian service at the SES level. Qualifying service includes appointments in the SES, Foreign Senior Executive Service, Intelligence Senior Executive Service, etc. Noncareer, term, limited term, limited emergency, scientific and professional, and senior level is not qualifying service; and
- c. A nominee who meets the criteria but leaves the SES before being selected as a winner is eligible to receive the award. The same applies to a nominee who dies after OPM receives the nomination.

Any executive who receives a rank of either Meritorious Executive or Distinguished Executive cannot receive that same award again in a 5-year period. An executive is not required to receive a Meritorious award before receiving a Distinguished award.

24. What Criteria are Used to Determine an Executive's Eligibility for a Rank Award?

- a. A nominee must have demonstrated:
 - (1) Sustained accomplishment for Meritorious Executive; or
 - (2) Sustained extraordinary accomplishment for Distinguished Executive.
- b. Factors to be considered include, but are not limited to:

- (1) Leading Change;
 - (2) Leading People;
 - (3) Results Driven;
 - (4) Business Acumen; and/or
 - (5) Building Coalitions/Communications.
- c. It is expected that nominees will meet all of the above criteria. In all cases, nominees should reflect credit on the career civil service.

25. When are Executives Nominated?

At the conclusion of the yearly SES performance appraisal review, the Administrator or the IG for OIG executives may nominate career SES members for the Meritorious or Distinguished Rank Award.

Chapter 5

Pay

1. How is Pay Set for Career Senior Executives?

Statute and regulation authorize the Administrator and the IG to determine the pay for initial appointments to the career SES.

2. How is Pay Determined for New Career Appointees to the SES?

New career appointees generally will enter at an ES-1 level, with at least a 6 percent pay increase (not to exceed the ES-2 level if needed to reflect such an increase). To receive more than the ES-2, a candidate must demonstrate relevant and highly special skills, and must be assuming a position which the Agency considers critical to the success of its mission or for which there is a scarcity of skills.

3. How Often Can an Executive Expect a Level Increase?

Normally level increases will occur at the rate of one level upward after 2 years at the prior level, with executives progressing steadily to the ES-4 level if they demonstrate highly successful or better performance.

4. How is an Executive Recommended for a Level Increase?

Supervisors are responsible for recommending career executives for level increases, as they become eligible up through ES-4. Increases above the level ES-4 also require recommendations from the supervisor and must be based on such factors as demands of the position over several rating cycles, exceptional skills, and sustained and significant or highly special achievement. All recommendations are submitted through the Chair, ERB or through the PRB to help ensure consistency except for recommendations for executives in the OIG.

Chapter 6

SES Reduction in Force (RIF)

1. What is a Reduction in Force (RIF) in the Senior Executive Service?

“The elimination or modification of a position due to a reorganization, due to lack of funds or curtailment of work, or due to any other factor.” The regulations are located at 5 CFR 359.601-608.

2. What are the Responsibilities of SBA Officials?

a. The Administrator and the IG, as appropriate, are responsible for:

- (1) Determining the need to direct a RIF;
- (2) Identifying which SES positions will be abolished; and
- (3) Determining placement offers for career executives displaced by RIF.

b. The Assistant Administrator for Human Resources or the Assistant Inspector General for Management and Policy for OIG executives, are responsible for:

- (1) Implementing procedures to conduct a RIF in the SES consistent with appropriate laws and OPM regulations;
- (2) Maintaining liaison with OPM on RIF policy and placement offers for affected executives;
- (3) Reviewing plans to conduct a RIF in SES;
- (4) Providing staff advice and recommendations; and
- (5) Providing technical support for program implementation.

3. What is the SES RIF Competitive Area?

Career and probationary appointees compete for job retention nationwide excluding executives in the OIG. IG executives compete only within the OIG.

4. What are the Procedures for Conducting a RIF?

- a. The Associate Deputy Administrator for Management and Administration notifies the ERB of a potential RIF including the specific reasons for the RIF.
- b. The ERB reviews the proposals and makes recommendations to the Administrator on:
 - (1) Numbers of positions affected, number and names of executives affected, and specific internal reassignment actions, if any, proposed for each affected executive; and
 - (2) Names of executives proposed for placement utilizing RIF procedures.
- c. The Administrator renders a final decision on the need for a RIF in the Agency, including specific directed reassignments or placement offers prior to implementation of a RIF.
- d. Affected executives are notified, in writing, of the proposed action at least 45 days before the effective date.

5. What are the Retention Standards and How are They Determined?

- a. Before any RIF action the SBA will:
 - (1) Place executives on a retention list;
 - (2) Provide retention lists to affected executives;
 - (3) Place executives on the retention list based on their:
 - (a) Type of appointment (career/probational);
 - (b) Current performance rating;
 - (c) Receipt of Distinguished or Meritorious Executive Rank Awards; and
 - (d) Length of service in SES.
- b. Executives on the retention register with identical retention standings at the time of RIF will be released in ascending order under each subgroup based on total length of Federal service.

c. The retention groups are described as follows.

- (1) Group 1 - Career executives not serving on probation with “Fully Successful” or better performance ratings.
 - (a) Subgroup 1A - Executives with current “Exceptionally Successful” performance ratings, in descending order of length of service in the SES.
 - (b) Subgroup 1B - Executives with current “Highly Successful” performance ratings, in descending order of length of service in the SES.
 - (c) Subgroup 1C - Executives with current “Fully Successful” performance ratings, in descending order of length of service in the SES.
- (2) Group 2 - Career executives serving on probation with “Fully Successful” or better performance ratings.
 - (a) Subgroup 2A - Probationary executives with current “Exceptionally Successful” performance ratings, in descending order of length of service in the SES.
 - (b) Subgroup 2B - Probationary executives with current “Highly Successful” performance ratings, in descending order of length of service in the SES.
 - (c) Subgroup 2C - Probationary executives with current “Fully Successful” performance ratings, in descending order of length of service in the SES.
- (3) Group 3 - Career Executives with current “Minimally Satisfactory” performance ratings.
 - (a) Subgroup 3A - Career executives listed in descending order of length of service in the SES.
 - (b) Subgroup 3B - Probationary executives listed in descending order of length of service in the SES.

(4) Group 4 - Career executives with current “Unsatisfactory” performance ratings.

d. Executives in receipt of a Distinguished and/or Meritorious Executive Rank Award are credited with additional years of service toward the SES service date as follows:

- (1) Distinguished Executive Rank - 5 years; or

- (2) Meritorious Executive Rank - 2 years.
- e. The additional years of service based on rank are:
 - (1) Applicable only in a RIF situation; and
 - (2) Creditable for a period of 3 years from the month of receipt of a Distinguished or Meritorious Executive Rank.

6. What Happens if an Executive is Displaced?

- a. A career executive whose position is abolished has displacement rights to the SES position occupied by the career executive with the lowest retention standing if he or she qualifies for the position.
- b. If there are no executives who can be displaced, the executive identified for release is entitled to placement and reinstatement assistance as provided below:
 - (1) Placement rights within SES apply to non-probationary career executives.
 - (2) Non-career, limited term, and limited emergency executives and reemployed annuitants who occupy positions identified for abolishment have no entitlement to placement in any other SBA position.
 - (3) A career executive is entitled to be assigned to a vacant SES position in SBA for which he or she is qualified.
 - (4) If a vacant SES position does not exist, the appointing authority must so certify to OPM.

7. What Rights are the Executive Entitled to Through OPM?

- a. When OPM accepts the certification that a vacant position is not available in the Agency, the career executive is entitled to priority placement assistance by OPM for a period of 45 days to any vacant SES position in another agency for which the executive is qualified.
- b. The executive remains on the SBA rolls during the placement period.

8. What are the Consequences if the Executive is Reached for Reduction In Force?

- a. A career executive serving a probationary period at the time of a RIF:
 - (1) May be removed from the SES following the application of RIF procedures;
 - (2) May be offered a reassignment to another SES position in the SBA for which he or she qualifies; and/or
 - (3) Has placement rights in accordance with paragraph 6-10.
- b. A career executive not serving a probationary period at the time of a RIF may be removed from the SES and the Federal service if he or she declines:
 - (1) A directed reassignment to a position for which he or she qualifies in SBA; and/or
 - (2) A reasonable offer of placement in an SES position in another agency under OPM placement efforts.
- c. A career executive may be removed from the SES if not placed by OPM in an SES position in another agency within 45 days after receipt of a written certification that SBA could not place the executive.
- d. An executive removed as a result of implementation of RIF procedures is entitled to severance pay or Discontinued Service Retirement, if eligible.
- e. At the time a career executive is officially proposed for release from SES, SBA must:
 - (1) Provide OPM with a copy of the RIF notice;
 - (2) Inform OPM what it intends to do with the space occupied by the executive proposed for release from the SES; and
 - (3) Advise OPM if the executive requests placement assistance for an SES position in another agency.

9. Does the Executive Have Reinstatement Rights to the SES?

- a. An executive serving a probationary period at the time of removal by RIF must compete to return to SES, but does not have to go through the QRB process again.
- b. A career executive who completes the SES probationary period at the time of removal by RIF:

- (1) Receives priority placement consideration for 1 year, without competition, to any vacant SES position in the employing agency for which qualified.
- (2) Must apply to be considered for the position after OPM receives certification from an agency that the executive could not be placed.
- (3) Has reinstatement eligibility to SES, following the 1-year priority placement period.

10. Are There Placement Rights for Executives Removed Through RIF?

- a. Executives removed from the SES for RIF reasons, and, at the time of appointment to the SES, held a career or career-conditional appointment (or an appointment of equivalent tenure), are entitled to be placed in a vacant civil service position (other than a SES position) that is:
 - (1) A continuing position at GS-15 or above, or equivalent that will last at least 3 months;
 - (2) Of tenure equivalent to that of the appointment held at the time of appointment to the SES; and/or
 - (3) A position for which the appointee meets the qualifications requirements.
- b. Placement of an executive under this paragraph doesn't cause the separation or reduction in grade of any other employee.
- c. An executive placed under this paragraph is entitled to receive basic pay at the highest of:
 - (1) The rate of basic pay in effect for the position in which he or she is being placed;
 - (2) The rate of basic pay currently in effect for the position which the executive held in the civil service immediately before being appointed to the SES; or
 - (3) The rate of basic pay in effect for the executive immediately before his or her removal from the SES.
- d. See 5 CFR 359.705(b) for exceptions.

11. Is the Executive Eligible for Assistance Under the SBA Career Transition Assistance Plan?

The executive may be eligible for outplacement assistance (see SOP 33 00, "Employment," for further information).

12. Does the Executive Have Appeal Rights to MSPB?

- a. An executive may appeal a RIF action on the basis that it did not comply with procedures.
- b. An executive who has completed a probationary period and is removed because he or she declined a reasonable OPM offer of a position in another agency may appeal the removal action based on the reasonableness of the offer.
- c. An executive who has completed a probationary period and was removed because he or she could not be placed by OPM may appeal to determine if OPM exercised all reasonable steps to achieve placement.
- d. An executive who applies for reinstatement under the provisions of paragraph 6-9 above, may appeal any determination by SBA that he or she is not qualified for a position following a reinstatement request.

Appendix 1**Index to Forms and Reports**FormParagraph

SBA Form 2014, "Senior Executive Service Opportunity"

3-5

SBA Form 1303, "Senior Executive Service Performance Agreement"

4-5, 4-6, 4-7, 4-8

ReportParagraph

None



Appendix 2
(paragraph 3-5)
Senior Executive Service Opportunity

Position:

Announcement No:

Opening:

Salary Range:

Closing:

Location:

Area of Consideration:

MAJOR DUTIES:

FINANCIAL DISCLOSURE AND POSITION SENSITIVITY: If you are selected for this position, you will be required to complete and file a Public Financial Disclosure Report, SF-278, within 30 days after selection for the position. The sensitivity level of the position also requires completion of a background investigation of the selectee; appointment to the position is contingent upon successful completion of the background investigation.

APPROVAL AND PROBATIONARY PERIOD: If you enter this position on an initial career appointment basis, you must have your qualifications approved by the Office of Personnel Management's Qualifications Review Board and you will be required to serve a one year probationary period before your appointment becomes final.

ADDITIONAL INFORMATION:

Time-in-grade does not apply for SES positions. You must demonstrate the level and breadth of experience necessary to assume a SES position. There is no requirement for experience equivalent to the GS-15 level.

Veterans' preference does not apply to SES.

You must be a U.S. citizen or national to be eligible for this position.

If you are a male applicant born after December 31, 1959, as a condition of employment, you must certify that you have registered with the Selective Service System, or that you are exempt from having to do so under Selective Service Law.

If you need reasonable accommodation for any part of the application or interview process, please contact Executive Resources at 202-205-6782. The U.S. Small Business Administration provides reasonable accommodation to job applicants and employees with disabilities. If you are hearing impaired, you may call the Federal Information Relay Service at 1-800-877-8339 for assistance in contacting the person named above. Decisions for granting reasonable accommodation are made on a case-by-case basis.

The U.S. Small Business Administration is an Equal Opportunity Employer. Selection for this position will be made solely on the basis of merit, fitness for duty, and job-related qualifications without regard to race, gender, creed, color, age, marital status, national origin, non-disqualifying handicapping condition, or any other non-merit factor.

Your application includes information subject to the Privacy Act (P.L. 93-579, 5 USC 552a) The information is used to determine qualifications for employment, and its collection is authorized under Title 5 of the U.S. Code, Sections 3302 and 3361.

The U.S. Small Business Administration **will not** accept applications from applicants using franked envelopes, or postage paid agency envelopes or metered mail. (18 U.S.C. 1719 and 39 U.S.C. 3201 SEQ.)

HOW and WHERE TO APPLY: You must submit:

1. An application (SF 171, OF 612, or resume, or other format) describing where and when you obtained qualification and the organizational setting in which you acquired your experience, e.g., organizational size, level, and assigned fiscal resources.
2. A supplemental narrative statement describing the degree to which you possess Desirable Technical Qualifications and the Mandatory Executive Core Qualifications factors listed below. Be specific and limit your responses to one page for each factor.
3. A copy of your most recent SF-50, if you are civil service.
4. A current performance appraisal, if you are civil service.
5. A copy of your OPM CDP certificate (SES Candidate Development Program graduates only)
6. Information about your education and training that relate to this position.

DO NOT SUMBIT any additional materials, documents that are not listed above, or that you may need in the future. Additional materials will not be forwarded for review, or returned to you. All application materials become the property of the Office of Human Resource.

If you have questions concerning the application process, please contact the Office of Human Resources at 202-205-6782. Be sure your application is postmarked or received by the closing date at:

U.S. Small Business Administration
409 Third Street SW., MC: 5221
Washington, DC 20416
ATTN: Executive Resources

“Be sure your application is complete so we can consider it.”

QUALIFICATION REQUIREMENTS: As a basic requirement, you must clearly describe leadership experiences that demonstrate executive level managerial capability. You should have a broad range of progressively responsible experiences in managing programs, including responsibility for policy and strategic planning associated with such programs. Candidates meeting these basic qualifications will be rated and evaluated against the Executive Core Qualifications listed below.

EVALUATION METHODS: If you are current SES career appointee, career SES reinstatement eligible, or an eligible SES Candidate Development Program graduate, you will be considered under noncompetitive appointment procedures. If you qualify, a panel of senior executives will rank your application package based upon the executive core and desirable technical qualifications factors listed below:

MANDATORY EXECUTIVE CORE QUALIFICATIONS: You must meet all five of the following factors to be considered.

1. **Leading Change.** The ability to develop and implement an organizational vision that integrates key national and program goals, priorities, values, and other factors. Inherent to this is the ability to balance change and continuity – to continually strive to improve customer service and program performance within the basic Government framework, to create a work environment that encourages creative thinking, and to maintain focus, intensity and persistence, even under adversity.
2. **Leading People.** The ability to design human resource strategies which maximize employee potential and foster high ethical standards in meeting the organization’s vision, mission and goals.
3. **Results Driven** The ability to make timely and effective decisions and produce results through strategic planning and the implementation and evaluation of programs and policies.

- 4. Business Acumen.** The ability to acquire and administer human, financial, material, and information resources in a manner which instills public trust and accomplishes the organization's mission, and to use new technology to enhance decision making.
- 5. Building Coalitions/Communication.** The ability to explain, advocate, and express facts and ideas in a convincing manner, and negotiate with individuals and groups internally and externally. It also involves the ability to develop an expansive professional network with other organizations, and to identify the internal and external politics that impact the work of the organization.

DESIRABLE TECHNICAL QUALIFICATIONS: You should describe your qualifications in relation to these factors also. However, you need not meet these qualifications in order to qualify for the position.

Appendix 3
(paragraphs 4-5, 4-6, 4-7, 4-8)



U.S. Small Business Administration
Senior Executive Service Performance Agreement

1. Name		2. Organization	
3. Position Title		4. ES Rate	5. Appraisal Period
Part A –Acknowledgement of Receipt of Performance Requirements:			
6. Executive's Signature		7. Date	8. Rating Official's Signature
			9. Date
Part B – Mid Year Progress Review			
10. Executive's Signature		11. Date	12. Rating Official's Signature
			13. Date
Part C – Performance Requirements			
Critical Objective (Performance requirements at the fully successful (OT) level)		Summary Rating Level (√ the appropriate level)	
Program Implementation Implements that portion of GPRA performance plan/SBA's Strategic/Business plan pertinent to the organization. Responds to reviews, audits and reports, e.g., GAO, IG, and OPM, etc. Improves the efficiency of the Federal Government through efforts to reduce paperwork, fraud and abuse. Improves the efficiency of the Federal government through innovative and creative techniques to accomplish goals of SBA in support of small business clients.		<input type="checkbox"/> Ahead of Target <input type="checkbox"/> On Target <input type="checkbox"/> Behind Target	
Organizational Representation Coordinates program matters balancing the needs and perspectives of external and internal customers, stakeholders, and employees with organizational results. Responds timely and accurately to the Administrator's request on program matters. Effectively gains understanding and support from higher level management. Facilitates "win-win" situations.		<input type="checkbox"/> Ahead of Target <input type="checkbox"/> On Target <input type="checkbox"/> Behind Target	
Resource Effectiveness Uses financial resources effectively. Successfully applies merit systems principles to develop, select and manage a productive and diverse workforce. Fosters and promotes equality & diversity in all facets of personnel management. Ensures priorities are set for effective use of human resources.		<input type="checkbox"/> Ahead of Target <input type="checkbox"/> On Target <input type="checkbox"/> Behind Target	
Special Initiative		<input type="checkbox"/> Ahead of Target <input type="checkbox"/> On Target <input type="checkbox"/> Behind Target	
Part D - Certification (See back of form for summary rating level definitions)			
13. Initial Summary Rating	14. Interim Rating	15. Rating Official's Signature	16. Date
Part E –Acknowledgement of Discussion			
The executive may attach comments on a separate sheet.			
<input type="checkbox"/> Check if you want to request a higher level review.			
17. Executive's Signature	18. Date	19. Reviewing Official's Signature	20. Date
			21. Rating
Part F - Final Action by the Appointing Authority			
22. Annual Summary Rating	23. Signature		24. Date

Part G – Rating Official’s Justification for Initial Rating

25.

Part H – Reviewing Official’s Justification

26.

Part I – Summary Rating Level Definitions

Level 5	Exceptionally Successful	An executive who receives this rating will have made an outstanding contribution to the accomplishment of the Agency’s mission with specific reference to achievement of GPRA goals/SBA’s Strategic/Business Plan. The executive must receive an “Ahead of Target” on the majority of critical objectives including the “Program Implementation” and “Resource Effectiveness” objective. No critical objective may be rated below “OT.” Written justification required.
Level 4	Highly Successful	An executive who receives this rating will have contributed greatly to the Agency’s mission. The executive must receive an “AT” rating on the majority of critical elements including the “Program Implementation” objective. No critical objective may be rated below “OT.” Written justification required.
Level 3	Fully Successful	An executive who receives this rating must receive an “OT” rating on the majority of critical objectives.
Level 2	Minimally Satisfactory	An executive who receives this rating will have received a “BT” rating on one critical objective and is, in effect, on probation. By law, should an executive receive this rating twice in a consecutive 3-year period, he or she must be removed from the SES. Written justification required.
Level 1	Unsatisfactory	An executive who receives this rating will have received a “BT” rating on the majority of critical objectives. By law, an executive who receives this rating must be reassigned or transferred within the SES, or removed from the SES. Should an executive receive this rating level twice in a 5-year period, he or she must be removed from the SES. Written justification required.